

## FISCAL NOTE

TO: Chief Clerk of the Senate  
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: March 27, 1995

SUBJECT: **HB 387 - SB 628**

This bill, if enacted, will make it an offense for any person, including without limitation any entity licensed pursuant to TCA, Title 56, to offer or agree to a contract for professional health care services which contains a provision to automatically reduce the payment to be made for services by any licensed health care facility or licensed health care professional, if such health care facility or health care professional agrees to accept a lower payment for such services from another purchaser of such services.

The fiscal impact from enactment of this bill is estimated to be an increase in expenditures to state and local governments\*. Under current law, insurance companies are permitted to negotiate contracts with providers that guarantee that they will receive the lowest rate offered by that provider. Enactment of this bill will eliminate such *most favored nation* contract terms. The amount of increase cannot reasonably be determined but is estimated to exceed \$200,000 to state government and \$100,000 to local governments.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*